

**IN THE MATTER OF THE APPLICATION REGARDING CONVERSION
OF PREMIERA BLUE CROSS AND ITS AFFILIATES**

Washington State Insurance Commissioner's Docket # G02-45

PRE-FILED DIRECT TESTIMONY OF:

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Vice President, Medical Services & Medical Director for Quality
Premiera Blue Cross

March 31, 2004

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Introduction

Q. Please state your name, employer, and business address.

A. My name is Rakesh “Roki” Chauhan, M.D., C.M.C.E., F.A.A.F.P., and I work for
Premera Blue Cross (“Premera” or the “Company”) at the Company’s Washington Headquarters
located at 7001, 220th Street S.W., Mountlake Terrace, Washington 98043-2124.

Q. What is your position with Premera?

A. I am the Vice-President, Medical Services & Medical Director for Quality at Premera.

Summary of Testimony

Q. Could you briefly summarize your testimony?

A. Premera offers innovative care facilitation programs designed to help members obtain,
and providers to deliver, quality cost-effective care. These programs emphasize preventive care,
member education, provider best practices, and include Care and Case Management, Disease
Management, Health Awareness Education, and Pharmacy Services. These programs have
received high marks from healthcare providers and our members, as well as national recognition.

Credentials

Q. Please summarize your educational background.

A. I graduated from the Massachusetts Institute of Technology with a Bachelors in Science
in 1974. I attended Tufts University School of Medicine in Boston, Massachusetts and graduated
with a Doctor of Medicine in 1978. I subsequently completed a residency and fellowship in
Family Practice at the University of California, San Francisco, residency program located in
Santa Rosa, California in 1982.

Q. Please summarize your professional experience and qualifications.

A. I practiced as a family physician for 15 years before becoming Associate Medical
Director of Providence Health Plans of Washington in 1997. In November 1999, I joined

1 Premera as Associate Medical Director. I was promoted to Medical Director for Quality in 2000,
2 and I was promoted to my current position in 2001.

3 I am a board-certified family physician, a Fellow of the American Academy of Family
4 Physicians, and a member of the American College of Physician Executives. I have also
5 completed a Fellowship in Managed Care with the American Association of Health Plans.
6 Finally, I held a position as Assistant Clinical Professor in Family & Community Medicine at the
7 University of California, San Francisco, prior to moving to Seattle.

8 **Q. What are your responsibilities as Vice President, Medical Services & Medical
Director for Quality?**

9 A. My responsibilities include leadership and strategic planning for the Premera care
10 facilitation programs, our medical quality programs and medical policy development. I also act
11 as liaison with other Premera officers, directors, managers, and employees regarding the Care
12 Facilitation programs Premera now has, or is considering for implementation.

13 **Premera Care Facilitation Programs**

14 **Q. What do Premera's care facilitation programs include?**

15 A. Premera's care facilitation programs include (1) Disease Management; (2) Care
16 Management; (3) Health Awareness Education; and (4) Pharmacy services.

17 Our Disease Management Programs are dedicated to addressing the condition of
18 members with chronic diseases, and are intended to help members take a greater role in their
19 health care, in conjunction with the treatment plan developed by the member's provider. These
20 programs offer a variety of services, depending upon the severity of the disease, from member
21 self-education and management, to assistance for the members in complying with the physician's
22 plan of care, to regular contact with personalized nurse case managers, to assistance with the
23 coordination of care among multiple physicians. We currently have disease management
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1 programs available to members with diabetes, coronary artery disease, congestive heart failure,
2 breast and lung cancer, end-stage renal disease, and asthma.

3 Our Care Management Programs are intended to aid in the coordination of the member's
4 care in a number of ways, from the coordination of care for members with complex medical
5 conditions to assistance with hospital discharge and post-discharge planning. We do this in
6 several ways.

7 A fundamental component of our Care Management Program is Case Management.
8 These services are provided in connection with complex or catastrophic cases that often require
9 extensive care from multiple providers and have a greater healing period. We can assist the
10 member and the member's provider in creating a long-term treatment plan and identify useful
11 resources to assist the member through the recovery period, including support groups.

12 Closely related to Case Management is our Admission Screening and Triage program,
13 which assists hospitals and providers in assessing whether the member's treatment plan could
14 benefit from the use of our Case Management Program. Our Clinical Review Program assists
15 the provider and the hospital in determining the range of benefits available to the member and
16 clarifying any coding and billing issues that may arise.

17 Our Health Awareness Education Program provides members with materials and
18 resources that encourage proactive, preventive care. This includes information on services such
19 as immunizations, annual screenings, and wellness care. Our Pharmacy Services include a
20 number of components. We collaborate with community physicians to develop a safe and
21 effective tiered formulary, to gather and share pharmacy utilization data, and to educate members
22 on appropriate and safe prescription drug use. We also provide our network physicians
23 information regarding accepted national and regional prescribing standards and drug therapies
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1 for a number of chronic diseases, review multiple medication patterns with members, and have
2 an active “Generics Yes!” campaign that encourages the use of generic drugs in place of far more
3 expensive brand-name drugs.

4 **Disease Management**

5 **Q. Please explain Premera’s Disease Management programs.**

6 A. Disease Management encompasses a series of voluntary programs that help fill the gaps
7 between member physician visits, which are often months apart, and help support providers in
8 their coordination of care to our members. These programs involve disease management nurses
9 contacting our members regarding the available disease management services, providing
10 information to assist the member in assessing treatment options, reviewing the diagnostic and
11 treatment recommendations their physicians make, suggesting lifestyle changes that will improve
12 members’ overall health, and assisting members in assuming a more active role in their health
13 care. We also can assist the provider in early identification of certain conditions, frequently
14 allowing for earlier and more effective treatment. Currently, we offer Disease Management
15 Programs for members with heart disease (congestive heart failure and coronary artery disease),
16 diabetes, oncology (breast and lung cancer), end-stage renal disease, and asthma.

17 **Q. Please be more specific about how one of these programs works.**

18 A. Premera identifies potential candidates for a particular disease management program
19 through our medical and pharmacy claims and through physician or other health care referrals.
20 Once identified, the member’s condition is assessed to determine if it poses a low, moderate, or
21 high health risk to the member. After candidates are identified and the health risk of their
22 conditions categorized, they are contacted to explain the specific program available for their
23 condition and explain disease management options.

1 Let's use diabetes as an example. We know that if a diabetic member's condition is not carefully
2 controlled, the member is at risk for developing blindness due to diabetic retinopathy, a
3 degenerative condition affecting their retina. If we determine from reviewing claims histories
4 that a member has diabetes, we will categorize that member's condition within the high-medium-
5 low strata and send correspondence to the member regarding the Diabetes Program.

6 Subsequently, a nurse will contact the member to discuss the member's condition, the risks
7 involved (including the risk of diabetic retinopathy), and will remind the member to schedule an
8 annual eye exam. If the member wants to participate in the program, the nurse will initiate
9 follow-up telephone contacts and help facilitate preventive, therapeutic, and/or diagnostic care
10 with the member's provider. The disease management programs provide support for the care
11 provided by the member's physician. These programs benefit everyone involved in the Premiera
12 systems: the level of service provided to members improves, the affected members' health
13 improves with respect to their specific condition, the physicians and providers are pleased
14 because their services are coordinated, and overall health care costs are reduced because more
15 members engage in cost-effective preventive care. Later in my testimony I will discuss the
16 satisfaction scores our program has received.

17 **Q. Does Premiera require members to participate in its Disease Management**
18 **Programs?**

19 A. No. Premiera's Disease Management programs are strictly voluntary. If a member does
20 not wish to participate, all they need to do is notify us. However, almost 98% of members opt to
21 participate in these programs once they are contacted. Currently approximately 27,000 Premiera
22 members participate in one or more of the Premiera Disease Management programs, including
23 18,000 in the diabetes program, 900 in the oncology program, 7,500 in the heart disease
24 program, 72 in end-stage renal disease program, and 200 in the asthma program.

Care Management

Q. What are Premera's Care Management Programs?

A. Care Management consists of programs designed to provide coordination of care for members through a variety of activities. We have transitioned away from traditional inpatient precertification and concurrent review processes to more facilitative programs. These include admission screening and triage, clinical review, case management, self management, and 24-hour health information.

Case Management focuses on members with severe and complex health issues requiring intensive medical attention and, in most cases, long-term hospitalization. The program's purpose is to help facilitate the providers' work with one another in a manner that enhances care. In each instance, a Premera Case Manager reviews the specific circumstances of a patient's care with the member's primary care and admitting physicians, and/or speaking directly with the member (and his or her family if appropriate). After these consultations, the Case Manager, in conjunction with the member and the member's physician team, will assist the member in understanding and following the provider's program of care.

Q. Please provide an example of how this Program might work.

A. For example, an elderly member could be admitted to a hospital for a chronic illness or other debilitating condition (e.g., broken hip from an accidental fall) that affects his ability to care for himself and, under traditional notions of care, could require long-term hospitalization. This can be a difficult and stressful time for both the member and the member's family, making the quality of long-term care of paramount importance. After obtaining the member's permission, a Premera Case Manager will review his or her medical records and discuss the member's condition with the physicians caring for that member—i.e., the primary care

1 physician, the hospital admitting physician, the other specialists, etc. In many instances, the
2 member would prefer to avoid long-term hospitalization. Thus, an alternative program could be
3 designed by the member's provider whereby the member would be provided appropriate care at
4 his or her home, a relative's home, or a nursing home facility, using a combination of out-patient
5 visits, nursing support, supplemental services, etc. In assisting the member the Case Manager
6 will confer and coordinate with the member, the member's family, the primary care physician,
7 the admitting physician, as well as other health care professionals (nurses, physical therapists,
8 etc.).

9 **Q. Are Premera members required to participate in this program?**

10 A. No. Again, member participation is strictly voluntary.

11 **Health Awareness Education**

12 **Q. Please explain Premera's Health Awareness Education Program.**

13 A. The Health Awareness Education Program provides Premera members with health
14 education and reminders for important preventive care, including childhood, adolescent and adult
15 immunizations as well as breast and cervical cancer screening. This information is provided
16 through the mail as well as by telephone. To ensure optimal effectiveness, Premera uses its
17 claims data to contact specific populations who may require services. For example, if claims
18 data indicates a Premera member's child is undergoing infant care visits, but there is no record
19 that needed immunizations have been provided, Premera's automated system will issue a
20 reminder mailing to that member.

21 Similarly, Premera began using the ELIZA Speech Recognition Technology—an
22 automated voice recognition system that automatically contacts Premera members to remind
23 them of regular healthcare appointments such as mammograms, flu vaccines, immunizations. In
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1 the past, Premiera representatives manually contacted members regarding such preventive care—
2 a process that would take three or four weeks to reach the targeted population. Using ELIZA,
3 Premiera is able to contact the same population in three or four days, making these contacts less
4 expensive and more efficient. Our Health Awareness Programs, like all of our Care Facilitation
5 programs, are HIPAA-compliant and maintain patient privacy and confidentiality.

6 **Q. Are there any other Premiera programs that provide access to information?**

7 A. Yes. For example, Premiera's Self-Management programs make healthcare information
8 available to Premiera's members through the 24-hour Nurse Line or the aHealthyAdvantage.com
9 website. The Nurse Line gives members access to trained professionals 24 hours a day 7 days a
10 week. Nurse Line professionals may, for example, help the member determine if the member
11 needs services in the emergency room, urgent care center, or a doctor's office based on review of
12 his or her condition.

13 In addition, our website includes a section referred to as aHealthyAdvantage.com,
14 another source of information regarding a variety of topics such as chronic and acute illness,
15 fitness and nutrition, lifestyle modifications, women's health, men's health, and children's
16 health, as well as specific conditions such as pregnancy. Members may customize the website so
17 they receive specific information applicable to their age, sex, and medical needs.

18 **Pharmacy Services**

19 **Q. Can you tell us about Premiera's Pharmacy Programs?**

20 A. Our clinical pharmacy program is closely integrated with our Care Facilitation program.
21 We work with physicians to gather and share pharmacy utilization data in order to help them in
22 assessing their prescribing patterns. In addition, our members and their providers can search our
23 formulary on-line, and we have a program available known as ePocrates by which a provider can
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1 access our formulary from a convenient hand-held PDA as they are prescribing a medication for
2 one of our members.

3 Our Polypharmacy Program was developed by Premera and launched in 2002 to increase
4 patient safety. Through our pharmacy claims data, we identify members taking five or more
5 chronic medications. These members are at greater risk for multiple medication side-effects or
6 interactions. We send them an information brochure and a brown paper bag. We ask the
7 member to place all of their medications in the bag and take them to their provider for their next
8 appointment, in order to have the provider confirm that the multiple medications do not have any
9 tendency to interact badly for the member. The program has been very successful. Over 48,000
10 members have participated, and in excess of 12,000 of these had a change in medication as a
11 result of their consultation with their provider. We are proud of the fact that the program has
12 been endorsed by the Washington State Department of Health, and the Washington, Alaska and
13 Oregon State Medical Associations, and that it was awarded the Qualis Award for Excellence in
14 Health Care Quality in 2002.

15 In addition, we also provide our network physicians information regarding accepted
16 national and regional prescribing standards and drug therapies for a number of chronic diseases.
17 Finally, we have an active "Generics Yes!" campaign, intended to foster the increased use of
18 fully effective but much less expensive generic drugs in place of far more expensive brand-name
19 drugs. In the twelve month period ending last December 31, 2003, our members' generic drug
20 utilization increased from 43% to 49%, while the national average is 44%.

Care Facilitation Program Recognition

Q. How have Premiera's care facilitation programs been received?

A. Premiera's Care Facilitation programs have earned national recognition and have been well received by our network providers.

Premiera's Care Management program was recently certified by URAC (a national health care plan accreditation organization) and was characterized by a member of the URAC review staff as "outstanding." Another recent review of our Care Facilitation program by the Office of the Director of Federal Employee Program Director also resulted in similarly favorable feedback. Finally, Premiera's oncology program vendor was awarded the 2002 Recognizing Excellence Award: Best PPO Disease Management Program from the Disease Management Association of America for the program implemented by Premiera.

Our network providers have also responded positively to our Care Facilitation programs. A provider satisfaction survey conducted for us by a national survey firm asked providers about our Care Facilitation programs. The satisfaction scores during 2003 were as follows:

- Care and Case Management: 7.5 on a ten-point scale
- Pharmacy Services: 7.3 on a ten-point scale
- Disease Management: 7.0 on a ten-point scale.

Conclusion

Q. What conclusions could be reached from your testimony?

A. I believe that our Care Facilitation programs provide important resources for our members, and are an important component of the value we bring to our members and their providers. These programs benefit our members and it is important to continue their

1 development and expansion. That development and expansion will require ongoing investment
2 by the company.

3 **Q. Does this conclude your testimony?**

4 **A. Yes, it does.**

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VERIFICATION

I, ROKI CHAUHAN, M.D., declare under penalty of perjury of the laws of the State of Washington that the foregoing answers are true and correct.

Dated this ____ day of March, 2004, at Mountlake Terrace, Washington.

ROKI CHAUHAN, M.D.